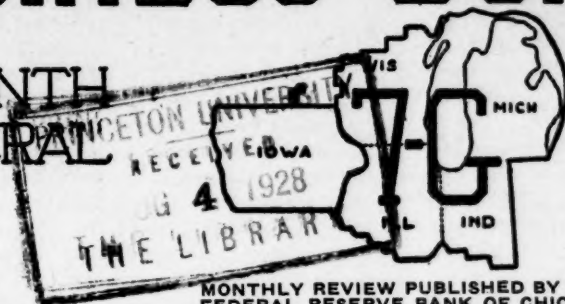


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 11, No. 8

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FEDERAL RESERVE BANK OF CHICAGO

August 1, 1928

NATIONAL SUMMARY OF BUSINESS CONDITIONS

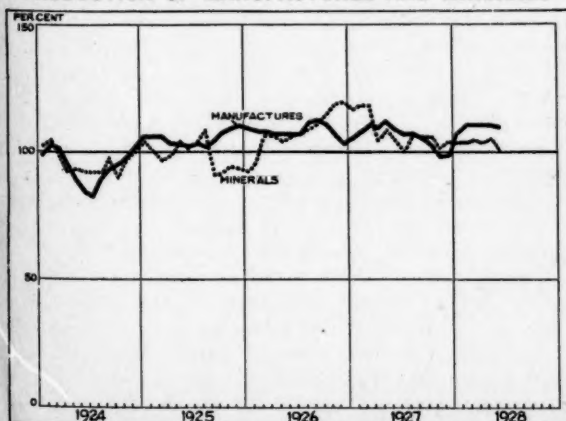
INDUSTRIAL production and the distribution of commodities in June were in smaller volume than in May and the general level of wholesale prices, following a sharp advance in April and May, also declined. Member bank credit was in record volume early in July, and indebtedness at the reserve banks was larger than at any time in the past six years.

PRODUCTION.—Activity of manufacturing industries declined slightly in June, and there was a decrease of about 6 per cent in the output of minerals, owing to declines in the production of coal. The manufacture of iron and steel decreased in June by somewhat more than the usual seasonal amount, but there are indications that there were no further declines in July and the industry was somewhat more active than a year ago. Production of flour and activity of cotton and wool mills also declined in June. Automobile production showed considerably less than the usual seasonal decline in June, and weekly employment figures for Detroit indicate that operations of automobile plants were well maintained during the first three weeks of July. The manufacture of agricultural implements and machine tools continued in June at the high level reached last spring. Production of lumber, copper, and shoes, and activity of silk mills increased in June.

Contracts awarded for new building continued large in June, and total awards for the first half of the year exceeded those for any previous corresponding period. There were increases over last year in contracts for residential, industrial, public, and educational building. Awards during the first three weeks in July were in somewhat smaller volume than for the corresponding period of last year. The July estimates of the Department of Agriculture indicate a yield of wheat of 800,000,000 bushels, a decrease of 8 per cent from the harvested yield of 1927, and a yield of corn of 2,736,000,000 bushels, a reduction of 2 per cent. The production of oats, barley, white potatoes, and tobacco is expected to be larger than last year. The acreage of cotton in cultivation on July 1 was estimated at 46,695,000 acres, an increase of 11 per cent as compared with that of a year ago.

TRADE.—Merchandise distribution at retail and wholesale was seasonally smaller in June than in May. Sales of department stores declined by about the usual seasonal amount, while the declines in sales of chain stores were smaller. Sales of wholesale firms in most lines of trade showed a more than usual seasonal decline. Compared with a year ago, sales of department stores and chain

PRODUCTION OF MANUFACTURES AND MINERALS



Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 average = 100). Latest figures, June, 1928: Manufactures, 109; Minerals, 100.

WHOLESALE PRICES



Index of the U. S. Bureau of Labor Statistics (1926 = 100, base adopted by the Bureau). Latest figures, June, 1928: Farm Products, 106.7; Non-agricultural Commodities, 95.2.

Compiled July 26, 1928

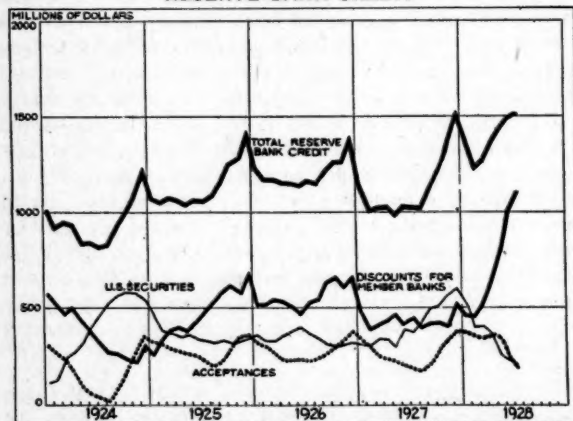
stores were larger and those of wholesale firms were smaller. Stocks of wholesale firms were in about the same volume at the end of June as a year ago and those of department stores were smaller. Freight carloadings for practically all classes of commodities declined in June and continued in smaller volume than a year ago. During the first two weeks of July, however, owing to increases in loadings of grains and miscellaneous commodities, total loadings were larger than in the corresponding period of 1927 but continued below the high level of 1926.

PRICES.—The general level of wholesale commodity prices declined in June and the Bureau of Labor Statistics index, which had advanced from 96 per cent of the 1926 average in March, the low point for the year, to 98.6 per cent in May, declined in June to 97.6 per cent. The decline in the all-commodities index reflected decreases in those groups which had advanced most rapidly in previous months—farm products, foods, and hides and leather products. Prices of live stock and meats, which are included in these groups, however, showed further advances in June, and there was also an increase in the prices of building materials, while prices of silk and rayon, fertilizer materials, house furnishings, and automobile tires declined. During

the first three weeks in July there were declines in the prices of wheat and cotton, and advances in those of cattle and hogs.

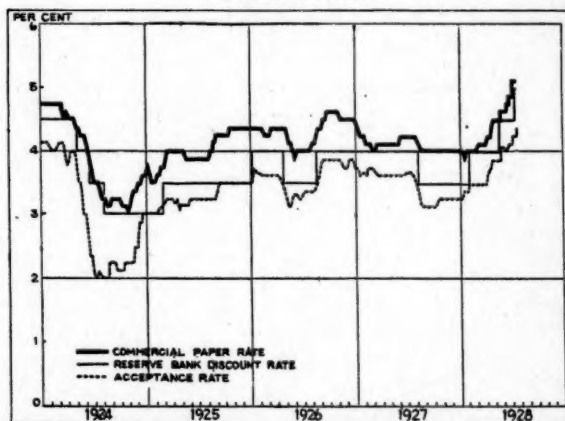
BANK CREDIT.—Member bank credit, after rising to a record volume early in July, declined somewhat during the two following weeks, and on July 18 total loans and investments of reporting banks in leading cities were about \$160,000,000 smaller than four weeks earlier. The decrease was largely the result of reduction by about \$125,000,000 in the banks' investment holdings, but reflected also a decline in the volume of loans on securities following a temporary increase over the mid-year. Contrary to the usual seasonal trend, loans largely for commercial purposes were in record volume during the period. Member bank borrowing at the reserve banks showed a decline following the mid-year settlement period, but the volume on July 25, at slightly more than \$1,000,000,000, was somewhat larger than five weeks earlier. Holdings of acceptances and United States securities declined during the period. In July there were further advances in open market rates, for commercial paper and bills, and discount rates at seven of the Federal Reserve banks were raised from 4½ to 5 per cent.

RESERVE BANK CREDIT



Monthly averages of daily figures for twelve Federal Reserve banks. Latest figures, averages of first 23 days in July, 1928: Total Reserve Bank Credit, 1,511 million; Discounts for Member Banks, 1,106 million; U. S. Securities, 214 million; and Acceptances, 191 million.

MONEY RATES



Weekly rates in New York money market—Commercial paper rate on 4 to 6 months' paper, and acceptance rate on 90-day paper. Latest figures, week ending July 21, 1928: Commercial Paper Rate, 5.13 per cent; N. Y. Reserve Bank Discount Rate, 5 per cent; Acceptance Rate, 4.375 per cent.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

Conditions in the district as shown by current statistical data are somewhat mixed. In industrial lines, agricultural machinery sales increased over May as well as over June a year ago; the steel industry showed moderate recession in the monthly comparison, but in general a higher rate of activity than in the prior year. Shipments of steel and malleable castings decreased from May, though the latter gained in the yearly comparison. The first six months of the year in the steel industry showed improvement over the corresponding period of 1927. Shoe production was considerably accelerated over May, as were shipments, but both items were under the level of June last year. Furniture manufacturers report lowered activity in both comparisons. Automobile output declined from May, but was in greater volume during the first six months of this year than in the same period of 1927.

The agricultural outlook is good: corn has made satisfactory progress, the condition of small grain is regarded as favorable, and various small crops have excellent pros-

pects. Lesser quantities of grain were handled at interior primary markets during June than in May; the volume also fell short of June, 1927, and the 1923-1927 average for the period. Flour production was in smaller volume than during the preceding month or a year ago. Production at slaughtering establishments gained slightly in the monthly comparison, but remained at a lower level than a year ago; total sales showed an increase in both comparisons. Butter output and sales rose seasonally in volume, but continued below the corresponding period of 1927.

The majority of wholesale lines reporting to this bank indicate heavier sales in June than in May, while half of them show a gain over last year. Department store sales in the district declined seasonally from May, exceeding by a fair margin, however, the volume in June, 1927, and the aggregate for the first six months of 1928 was larger than in the corresponding period in the preceding year. Chain stores reported a moderate increase over May, and considerably augmented sales as compared with the corre-

sponding month of the preceding year. Automobile sales at wholesale exceeded the May volume, while retail distribution declined; both showed a gain over last year.

Building contracts awarded in June fell short of the May total and were less than a year ago; permits issued declined extensively in both comparisons. Sales of lumber at wholesale gained over May in value but decreased slightly in board feet, while at retail yards diminished sales were reported as compared with the preceding month and a year ago. Cement shipments followed a similar trend, as did shipments of brick.

Of financial interest are the continued firmness in the Chicago money market, a rise in commercial paper rates, and lessened activity in the bond market. The volume of payment by check gained slightly over May, and was considerably above June, 1927. Savings deposits rose in both comparisons.

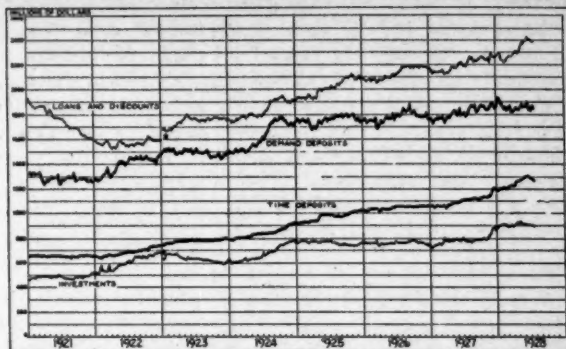
CREDIT CONDITIONS AND MONEY RATES

An active demand for credit is reported from many sections of the district, exceeding the volume a month ago or at this time last year. Rates generally have shown a firming trend, and in Chicago on commercial paper are quoted at approximately one-half of one per cent above the level of a month previous, or 5 to 5½ per cent. Collateral loans in Chicago carry 5½ to 6 per cent, as do customers' over-the-counter loans. The average rate earned on loans and discounts by ten large banks during the calendar month of June was 5.25 per cent, compared with 5.07 in May and 4.90 per cent in June, 1927. In Detroit, demand for credit continues steady, with a slightly upward trend in rates. The prevailing rate on commercial loans in that city for the week ended July 14 was 4½ to 6 per cent.

Total bills and securities of the Federal Reserve Bank of Chicago on July 11 were \$188,840,000, a drop of over 40 million from the \$232,015,000 on July 3, which figure marked the highest volume of reserve bank credit in use in the district since December 29, 1926, when \$234,868,000 was reported. On July 13, 1927, the corresponding reporting date a year ago, bills and securities totaled \$128,404,000. On July 18 the item rose to \$202,606,000. Loans to member banks of \$154,412,000 July 18 compared with \$181,089,000 July 3, and \$140,003,000 June 13 this year. Federal Reserve notes in circulation have shown a rising trend for several months, and on July 11 aggregated \$273,054,000, the largest amount since May 21, 1924, with \$275,478,000. On July 18, however, they declined to \$271,337,000 compared with \$255,322,000 June 13.

Loans and discounts of reporting member banks on July 11 of \$2,381,391,000 were considerably less in volume than on June 13, the corresponding date a month ago when \$2,430,169,000 was shown. This trend is largely a reflection of a lowered volume in Chicago, on collateral as well as for commercial purposes. On July 18 loans and discounts of reporting members increased somewhat, \$2,397,781,000 being reported. Investments have shown a downward trend, amounting to \$894,371,000 on July 18, as against \$914,950,000 June 13. Both items are in greater volume than a year ago; on July 13, 1927, loans and discounts totaled \$2,263,305,000 and investments \$836,281,000. Net demand deposits are below a year ago. On July 13, 1927, the item stood at \$1,872,294,000, and on July 18 this year at \$1,841,326,000, representing a decline of about 23 million from the preceding week. On June 13 net demand deposits totaled \$1,910,581,000. Time deposits have declined each week since the peak of \$1,312,132,000 reported June 13, and on July 18 aggregated \$1,262,550,000. This figure compares with \$1,162,513,000 July 13 a year ago.

POSITION REPORTING MEMBER BANKS, 7TH DISTRICT



*Break in curve indicates data not comparable with preceding. Based on weekly reports to this bank by approximately 49 member banks in Chicago, 13 in Detroit, and 44 in other selected cities. Latest figures, July 18, 1928, in thousands of dollars: Loans and Discounts, 2,397,781; Demand Deposits, 1,841,326; Time Deposits, 1,262,550; and Investments, 894,371.

June sales of commercial paper in the Middle West were unusually low in volume, being 12.1 per cent smaller than in May and 26.6 per cent less than a year ago, according to a compilation for eleven dealers. The supply of bills remained poor to moderate, while demand continued limited to fair; a few firms experienced fairly good inquiry from country banks. Selling rates advanced one-fourth of one per cent and were generally conceded as 4½ and 4¾ for low to 5 and 5¼ for high, with the customary charge 4¾ to 5 per cent; some paper moved at 5½ and at 4¾ per cent. Sales of three local concerns for the first half of July were somewhat below the corresponding period of June, with supply and demand only fair. Quotations on July 19 ranged from 5 per cent for low to 5¾ and 5½ per cent for high, and averaged 5 to 5¼ per cent. Outstandings of five dealers declined 10.1 per cent on June 30 from May 31 and showed a recession of 12.3 per cent from last year; holdings of twenty-five dealers in the United States amounted to \$503,000,000.

Purchases from June 14 to July 11 in the Chicago open bill market aggregated 45.3 per cent more than in the preceding period, and were 66.8 per cent in excess of a year ago, according to a compilation for six dealers. Sales decreased 21.9 and 44.0 per cent in the respective comparisons, although business with out-of-town banks increased. Receipts from other offices showed a recession of 62.6 per cent compared with May 17 to June 13 and of 61.0 per cent from last year, while forwardings to other offices gained 152.6 and 329.4 per cent, respectively, in the comparisons. Preferences continued to center largely on 90-day maturities, although 60- and 30-day paper also were demanded at times. Bills were drawn principally against packing-house products, grain, sugar, hides, cotton, clothing, machinery, crude rubber, wool, paper, burlap, coffee, and casings. Quotations for July 11 ranged from 4 and 4¼ per cent for 30-day offerings to 4¾ and 4½ per cent for those of 150 and 180 days. Holdings declined 25.0 per cent from June 13 and were 10.3 per cent smaller than on July 13, 1927.

June acceptances at sixteen banks of the Seventh district totaled 5.5 per cent above May, and were 127.7 per cent in excess of a year ago. Individually, however, a majority of the banks reported recessions in the former comparison. Purchases decreased 77.8 per cent from May and 83.9 per cent from last year, while sales declined 35.1 and 47.5 per cent, respectively. During the first half of July, bills accepted at three local banks totaled less than for the corresponding period of June and were drawn principally against

packing-house products, cotton, coffee, metals, tea, shoes, nuts, general merchandise, machinery, potash, figs, and olive oil. Bank liability for outstanding acceptances increased 7.5 per cent on June 30 over the end of May and 66.3 per cent over the corresponding date of 1927. Holdings were 17.0 per cent larger than on May 31 and 130.2 per cent above last year; the amount of bills retained in the portfolios of the originating banks gained 39.7 per cent and 115.5 per cent in the respective comparisons. The Federal Reserve Bank of Chicago bought \$10,820,479 of bankers' acceptances during June and had \$16,164,545 of these bills on hand at the close of the period.

Volume of Payment by Check—Thirty-seven clearing house centers in the Seventh district reported an aggregate volume of payment by check in June of \$7,169,487,000, a gain of 0.1 per cent over May and 13.1 per cent higher than in June, 1927. The four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, declined 0.3 per cent in the June aggregate as compared with May, but showed a rise of 14.1 per cent over the corresponding month a year ago. Thirty-three smaller cities gained 3.1 per cent and 7.3 per cent, respectively, in the monthly and yearly comparisons. The city of Chicago with volume of check payment totaling \$4,458,299,000, showed a drop of 2.1 per cent from May,

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Corn made very satisfactory progress in the Seventh district considering low temperatures in June and then grew rapidly with the advent of warmer weather, so that mid-July found the bulk of the crop waist to shoulder high, a goodly percentage laid by, and the later plantings several inches above ground. Excessive moisture delayed cultivation during the last two weeks of June so that a number of fields were reported as rather weedy at the beginning of July. Wheat, oats, barley, and other small grain were benefited by the cool, rainy June days, and with the approaching harvest the kernels showed greater plumpness than seemed possible earlier in the season; straw lengthened somewhat during the month. The condition of potatoes, beets, and garden truck ranged between good and excellent in July.

CROP PRODUCTION

Estimated by the Bureau of Agricultural Economics as of July 1
(In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES		5-Yr. Av.
	1928	1927	1928	1927	
Corn	954,682	787,986	2,735,617	2,773,708	2,751,687
Oats	563,877	454,805	1,320,097	1,184,146	1,347,563
Winter wheat.....	33,550	60,256	543,782	553,288	549,117
Spring wheat.....	7,084	5,304	256,155	319,307	259,079
Barley	74,448(a)	54,311(a)	303,110	264,392	208,772
Rye	5,191(b)	8,281(b)	39,274	58,872	54,873
Potatoes (white) ..	69,342	51,925	443,640	406,964	383,526
Potatoes (sweet) ..	1,086(c)	1,030(c)	75,282	93,928	78,008
Apples					
(total crop).....	10,990(d)	8,738(d)	178,185	123,455	52,224
Peaches	3,033(e)	1,942(e)	65,981	45,463	20,150
Pears	1,399(d)	1,014(d)	23,356	18,072	2,191
Grapes*	97(f)	63(f)	2,853	2,465	17,134
Dry beans.....	5,700(g)	5,134(g)	16,571	16,891	7,458
Sugar beets*.....	712(g)	788(g)	6,758	7,753	55,586
Broom corn*.....	4,900(c)	4,375(c)	42,000	35,679	1,335,760
Tobacco**	42,669	32,840	1,311,824	1,195,880	93,061
All tame hay** ..	14,198	21,626	84,383	106,468	

*In thousands of tons. **In thousands of pounds.

(a) Illinois, Michigan, Wisconsin, Iowa. (b) Michigan, Wisconsin, Indiana. (c) Illinois. (d) Michigan, Illinois. (e) Illinois, Michigan, Indiana. (f) Illinois, Iowa, Illinois, Indiana. (g) Michigan, Wisconsin.

Grain Marketing—Interior primary markets in the United States handled grain in much smaller quantities during June than in May, a year ago, or the 1923-27 average for the period; reshipments of corn, however, were in excess of 1927 and above the five-year average. The United States visible supply of grain declined on July 14 from the corresponding Saturday in June. Stocks of wheat and rye continued considerably larger than a year ago; holdings of

and a rise of 12.9 per cent as compared with June, 1927.

Savings Deposits—A compilation for 207 reporting banks shows that June 30 savings in the Seventh district increased 0.3 per cent in number of accounts, 0.6 per cent in average amount, and 1.0 per cent in volume of deposits in comparison with the beginning of the month. Respective gains of 1.3, 2.3, and 3.7 per cent also were recorded over last year. Average accounts in Michigan and Iowa were somewhat lower than on June 1; all three items declined in Wisconsin. A decrease in the number of depositors in Illinois marked the only recession in state totals from 1927. Individually, however, one-third of the banks experienced a decline in deposits from last month, while figures for nearly one-fourth of the banks were below a year ago.

Bonds—Under the influence of continued firmness in the money market, bond prices have moved downward during the past month, and many issues are now substantially below their high points of the year. Distribution of securities has been curtailed by the decrease in institutional purchases, and dealers' shelves have a considerable volume of bonds awaiting sale. There has been some evidence, however, of a moderate volume of buying on the part of long-time private investors desirous of availing themselves of current low price levels.

corn, oats, and barley showed a decided recession from July 16, 1927. The volume of trading in grain futures by members of the Chicago Board of Trade decreased 32.0 per cent in June from May, and totaled 31.0 per cent less than last year. Chicago quotations for wheat, oat, and rye declined in June from the preceding month; corn prices showed little change from May.

FLOUR PRODUCTION IN THE SEVENTH DISTRICT

Changes in June, 1928, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	MAY 1928	JUNE 1927	
Production (bbls.)	- 8.9	- 7.1	31
Stocks of flour at end of month (bbls.)	- 4.6	+21.7	26
Stocks of wheat at end of month (bu.)	-25.0	+10.5	26
Sales (volume)	+16.0	+ 7.2	12
Sales (value)	+11.1	+12.6	12

Production includes wheat and other flours. Balance of items refer to wheat flour only.

Movement of Live Stock—Receipts of cattle, calves, and hogs at public stock yards in the United States decreased in June from May, a year ago, and the 1923-27 average. The marketing of lambs gained in all three comparisons.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, June, 1928	205,468	831,180	242,355	103,652
Federally Inspected Slaughter, U. S.				
June, 1928	705,525	4,078,012	1,109,427	398,119
May, 1928	723,120	3,884,381	1,015,465	473,096
June, 1927	798,816	4,252,623	1,058,150	429,579

June reshipments of cattle to feed lots declined from May and last year, while the movement in lambs increased.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED	JUNE	MONTHS OF	JUNE
	JULY 14 1928	1928	1928	1927
Native Beef Steers (average)	\$15.05	\$13.90	\$13.15	\$11.20
Fat Cows and Heifers	9.60	10.25	10.35	8.00
Hogs (bulk of sales)	10.70	10.00	9.75	8.80
Yearling Sheep	12.60	13.60	13.70	12.60
Lambs	15.75	16.60	16.15	15.45

Meat Packing—Production at slaughtering establishments in the United States showed a slight gain in June over the preceding month, but remained at a lower level than a year ago. Employment for the last payroll of the period increased 2.2 per cent in number of employees, 15.6

per cent in hours worked, and 10.5 per cent in total value over corresponding figures for May, which included the Decoration Day holiday. Trade in domestic markets was fair for fresh pork, boiled ham, and sausage; active for pickled pork, dry salt meat, smoked ham, and smoked picnics; quiet for lard; and a little slow for bacon. The demand for beef continued rather draggy, though showing some improvement over May; inquiry for lamb fluctuated during the month. Sales billed to domestic and foreign customers by fifty-seven meat packing companies in the United States totaled 4.3 per cent more for June than for May, and 7.5 per cent above a year ago. Domestic demand averaged fair to good at the beginning of July, and was indicated as slightly better than the month previous. Chicago quotations for most pork products advanced in June, those of lamb strengthened somewhat, while lard and mutton declined in comparison with the preceding month. Beef prices ranged between steady and slightly firmer, though a few cuts eased; quotations for veal declined after reaching peak levels early in June, but averaged higher for the period than for May. Inventories of pork at packing plants and cold-storage warehouses in the United States were slightly smaller on July 1 than on June 1, and remained in excess of a year ago and the 1923-27 July average. Stocks of lard increased and those of beef declined in all three comparisons. Holdings of lamb and dry salt meats gained over the preceding month and last year, but fell below the five-year average.

June shipments for export totaled slightly less than those in May. Individually, however, a number of companies experienced an increase. Trade in the United Kingdom tended to improve for hams and picnics, but remained

rather quiet for lard; the Continent purchased fair quantities of fat backs and lard from stocks already landed. Some buying for future delivery also was reported. European prices trended upward, though the advance in the United Kingdom did not quite parallel that in the United States. British quotations for lard continued under Chicago parity.

Dairy Products—Reports from sixty-nine creameries show a seasonal expansion in Seventh district butter production of 17.5 per cent in June compared with May, although the volume remained 2.3 per cent smaller than a year ago. Statistics of the American Association of Creamery Butter Manufacturers indicate similar trends for the United States. Sales of creamery butter billed to customers by seventy-one companies in the Seventh district increased 15.2 per cent over May and decreased 3.2 per cent from those of June, 1927. The tonnage of American cheese received at Wisconsin primary markets from factories within the state for the four weeks ended June 30 exceeded that of the preceding period by 33.0 per cent, but totaled 0.5 per cent less than a year ago; redistribution from these centers gained 19.1 per cent and declined 4.5 per cent in the respective comparisons. July 1 inventories of butter and eggs at cold-storage warehouses and packing plants in the United States were seasonally greater than those of June 1 but below a year ago; the stock of cheese increased in both comparisons. June receipts of butter and cheese at Chicago were larger than in May but under last year; the quantity of eggs decreased in both instances. Chicago quotations for butter and eggs remained practically unchanged from May, while prices of cheese strengthened.

COAL

Little change from conditions prevailing a month previous was evident during June in the bituminous coal industry of the district. Demand remained very quiet from both domestic and industrial sources. Despite the slow market, prices have been fairly steady. Production in Illinois increased during June, with 2,923,605 tons of coal mined, 114 mines in operation for an average of 14.1 days, and employing 34,232 men, which compares with 2,685,737 tons in May, 105 mines operating for 13.9 days, with 29,779 men

employed. A year ago at this time, there was practically no production in Illinois.

Output of bituminous coal in the United States during June totaled 35,963,000 tons, as compared with 36,624,000 tons in the preceding month and 36,627,000 tons a year ago. Distribution of bituminous coal from Lake Erie ports to American lake ports increased in June over May, but aggregated less than in either June, 1927 or 1926.

MANUFACTURING ACTIVITIES AND OUTPUT

Agricultural Machinery and Equipment—Sales of agricultural machinery and equipment from factories in the United States showed the customary June expansion over May, increasing 47.4 per cent in the heavy group, and 9.5 per cent in the barn equipment group, but declining 15.8 per cent in the light group. Gains of 50.2 per cent for the thresher, tractor, combination harvester-thresher line, 4.5 per cent for "all other" (exclusive of barn supplies), and of 7.9 per cent for barn equipment were reported in comparison with last year.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in June, 1928, from previous months

	PER CENT CHANGE FROM MAY 1928	JUNE 1927	COMPANIES INCLUDED
Domestic sales billed.....	+19.2	+25.7	76
Sales billed for export.....	+7.7	+64.8	42
Total sales billed.....	+17.3	+30.4	76
Production	+2.3	+22.7	75

Production computed from average employment during the month. Sales based on value.

Iron and Steel Products—The first half of 1928 in the steel industry of the Chicago district showed even greater activity than the corresponding period of 1927, which had been considered satisfactory; sales, specifications, and ship-

ments were larger this year. Production continued to recede slowly through June and early July, but sales were somewhat larger in volume than a month previous and better than last June. Pig iron sales were light during the month. Average daily pig iron production in the Illinois and Indiana district declined from May and from June a year ago; the daily average for the United States was likewise smaller in these comparisons. Steel ingot output in the country averaged less for June than in the preceding month, but higher than last year. The trend in unfilled orders of the United States Steel Corporation is usually downward at this season, although a very slight increase was shown a year ago, but the amount on hand June 20 this year increased 220,187 tons over May 31, and was larger than for any corresponding date since 1925.

The price situation remains uncertain and has retarded business to some extent, though signs of stabilization are now evident. The composite price of leading iron and steel products (*Iron Trade Review*) declined gradually from \$35.50 on May 30 to \$34.85 on July 11, and then rose to \$34.89 on July 18, which compares with \$36.41 on July 20 last year. Pig iron prices were cut 50 cents at Chicago

after the first of July. Scrap iron and steel prices have also been weaker.

Orders, shipments, and production of steel casting foundries in the Seventh district were less in June than a month previous or a year ago. Reports from malleable casting foundries indicate declines in these items in the month-to-month comparison, but gains were recorded over June, 1927. Shipments and orders received during June by stove and furnace manufacturers in the district were less than in May but above a year ago; production increased in both comparisons.

Automobile Production and Distribution—Total output of passenger automobiles in the United States for the first six months of 1928 exceeded that of the first half of 1927 by 9.0 per cent. Some evidences of decline were shown in June, production of 356,439 aggregating 5.2 per cent less than in May though gaining 27.9 per cent over last June. Truck output for the first half of this year was 11.4 per cent smaller than in the same period of 1927. Production of trucks in June aggregated 40,275, compared with 50,233 in the preceding month and 43,238 a year ago.

Partly because of wider price ranges this year as compared with last in various makes of cars, June statistics on distribution in the Middle West, as well as those for the half year, show considerable variation between the changes in the number of cars reported under the various items and in their value, as evidenced in the accompanying table. Deferred payment sales of thirty-two dealers totaled 43.1 per cent of their total retail sales in June, as compared with 40.4 per cent in May and 47.5 per cent a year ago.

MIDWEST DISTRIBUTION OF AUTOMOBILES

	JUNE, 1928 CHANGES FROM		FIRST SIX MONTHS 1928, CHANGES FROM SAME PERIOD OF 1927	
	MAY 1928	JUNE 1927	FROM SAME PERIOD OF 1927	COMPANIES INCLUDED
New cars				
Wholesale—				
Number sold	+18.7	+50.1	+16.3	30
Value	+18.1	+30.1	+ 8.4	30
Retail—				
Number sold	- 3.3	+22.4	+11.0	47
Value	-10.4	+12.7	+12.5	47
On hand end of month—				
Number	- 4.9	+21.1	+ 6.6*	48
Value	-13.4	+ 6.3	+ 7.8*	48
Used cars				
Number sold	- 3.8	+ 7.9	+ 8.1	47
Salable on hand—				
Number	- 7.3	- 4.1	- 8.3*	47
Value	+ 0.8	+12.0	+11.7*	47

*Average monthly.

Shoe Manufacturing, Tanning, and Hides—Activity at shoe manufacturing establishments of the Seventh district showed an expansion in June over May, with production leading shipments by 2.5 per cent; both remained at lower levels than a year ago. Unfilled orders on the books of twenty-two companies gave assurance of nearly eight and one-half weeks' future operation at the current rate of dis-

tribution. The number of stock shoes on hand at twenty-four factories was equivalent to 110.2 per cent of the volume of their June shipments.

CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN JUNE, 1928, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED	
	MAY 1928	JUNE 1927	MAY 1928	JUNE 1927
Production	+14.1	-17.8	30	30
Shipments	+16.9	-10.1	30	30
Stock shoes on hand	+ 2.5	+ 3.7	26	26
Unfilled orders	+ 9.8	+ 9.5	23	22

Leather production in the Seventh district increased during June as compared with the preceding month and was slightly greater than a year ago, while sales declined in both comparisons, according to reports sent direct to this bank by representative tanneries. Individually, however, half the firms experienced an expansion in sales over May, and a number of companies reported production smaller than in 1927. Prices tended to firm a little at the close of the period.

Smaller quantities of packer green hides and calf skins were sold at Chicago during June than in the preceding month. Shipments from the city and purchases by district tanners also were less than in May. Prices declined during June, but showed a firmer tendency early in July.

Furniture—Orders booked, shipments, and unfilled orders on hand the end of the month showed aggregate declines in June from May and from a year ago, according to the reports of twenty-six furniture manufacturers in the Seventh district. New orders were less by 27.6 and 6.6 per cent in the respective comparisons, shipments fell off 8.3 and 14.2 per cent, and unfilled orders declined 8.6 and 16.0 per cent. In the comparison with June, 1927, sixteen firms reported a heavier amount of orders booked this year, and almost half the companies had larger shipments. The volume of shipments in June was greater than orders received, and with cancellations effected the decline shown in unfilled orders on hand June 30 from those held May 31. Production increased somewhat during the month but was below a year ago.

Raw Wool and Finished Woolens—Trading quieted down considerably in the raw wool market during June. The new clip was arriving in good volume and being delivered, so that manufacturers were well supplied for the immediate future and did little buying. Prices remained for the most part unchanged, although a slight easing was apparent in certain grades toward the latter part of the month and early in July. Activity in Texas and in the fleece wool states has slowed down in recent weeks, and growers have been more willing to trade. In the finished goods industry, conditions in June were practically unchanged from May. Reports indicate that duplicate orders for the fall season have been disappointing in volume. Preparation of samples for Spring 1929 lines is now being started.

INDUSTRIAL EMPLOYMENT CONDITIONS

The volume of employment in the Seventh Federal Reserve district has continued to expand, industries reporting an aggregate gain of 1.6 per cent in men and 3.1 per cent in amount of payrolls for the period May 15 to June 15. The expansion brings employment at the reporting plants to within 3.0 per cent of the volume of a year ago, and the amount of payrolls to within 1.1 per cent. The gains were well distributed both as to industries and locality. Metals and metal products increased employment as a whole, although operations at iron and steel mills, foundries, and machine shops were showing some curtailment. Gains in the vehicles group—1.7 per cent in men and 5.7 per cent in payrolls—represented increased activity in the manufacture of cars and locomotives, as well as of automobiles. The reports from the Employers' Association of Detroit

showed a gain of only 0.4 per cent in employment in that city for the four weeks ended July 10, reflecting in part a lessened rate of expansion in the automobile industry.

Most of the food products registered increased employment, the manufacture of ice and ice-cream, and canning operations being at their high level of seasonal activity. Building materials also—stone, brick, cement, and lumber—were seasonally active, although in the lumber industry declines outweighed the increases. Boot and shoe factories report a substantial increase in employment. Textiles have been quiet, the manufacture of hosiery, knit goods, and women's clothing showing losses, while in men's clothing there has been a slight seasonal gain. Additional demand for labor by public utilities, coal mines, and the building

and construction industries, has also increased the employment volume. The gains, however, have not been sufficient to relieve the prevailing unemployment situation, owing to the large number of additional workers that are

available during the summer months. The ratio of applicants to positions at the free employment offices has greatly increased, from 146 per cent to 168 for Illinois; from 119 to 172 for Indiana; and from 254 to 265 in Iowa.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	WEEK ENDED JUNE 15 1928	MAY 15 1928	PER CENT CHANGE	WEEK ENDED JUNE 15 1928	MAY 15 1928	PER CENT CHANGE
All groups (10).....	350,219	344,816	+ 1.6	\$9,752,389	\$9,461,806	+ 3.1
Metals and metal products (other than vehicles).....	140,459	138,412	+ 1.5	3,891,024	3,852,847	+ 1.0
Vehicles.....	35,372	34,789	+ 1.7	1,111,846	1,052,338	+ 5.7
Textiles and textile products.....	23,355	22,996	+ 1.6	551,973	501,567	+ 1.0
Food and related products.....	50,506	48,669	+ 3.8	1,428,778	1,341,775	+ 6.5
Stone, clay, and glass products.....	15,519	15,202	+ 2.1	466,065	453,124	+ 2.9
Lumber and its products.....	28,246	28,433	- 0.7	672,767	678,125	- 0.8
Chemical products.....	10,264	10,224	+ 0.4	274,587	272,062	+ 0.9
Leather products.....	14,758	14,340	+ 2.9	326,002	300,626	+ 8.4
Rubber products.....	3,641	3,699	- 1.6	90,372	86,890	+ 4.0
Paper and printing.....	28,099	28,052	+ 0.2	938,975	922,452	+ 1.8

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Sales of lumber during June by nineteen reporting manufacturers and wholesale dealers of the district averaged 3.3 per cent more in value but 0.2 per cent less in board feet than for the preceding month. Demand was irregular and came mostly from industrial consumers for their immediate needs. Sales were 2.6 per cent in excess of last year's volume, as measured in board feet, but 0.5 per cent less in dollar value. Price quotations were firm, and somewhat higher than in May, though considerably lower than in June last year. Accounts outstanding showed a gain, but are still greatly below the level of a year ago; their ratio to sales amounted to 113 per cent for June this year, the same as in May, and 131 per cent for June, 1927.

At retail yards the demand for lumber was quiet, sales for 127 yards showing a decline of 4.8 per cent from May and of 4.0 per cent from June, 1927. Outstanding accounts increased, the ratio to sales amounting to 285 per cent in comparison with 260 a month earlier and 278 at the close of June, 1927. Stocks showed little change from either the preceding month or a year ago, while those held by wholesalers registered a slight contraction in both comparisons.

On account of unfavorable weather, cement shipments fell off from May and were also below the volume of a year ago. Production was maintained at a high level, and stocks have shown only a slight decline. Brick deliveries also were delayed, the amount shipped declining in both the monthly and yearly comparisons.

Building Construction—Contracts awarded in the Seventh district during June amounted to \$128,607,014, or 8.0 per cent less than the high volume reported for May and 8.5 per cent below the total for June, 1927. Of this amount, \$49,977,400, or 38.9 per cent, was for residential building. Permits issued in fifty cities of the district indicate some curtailment in prospective construction work, the estimated cost declining 24.3 per cent from the preceding month and 22.3 per cent from a year ago. Chicago leads the decline for the month with a drop of 35.8 per cent, while Indianapolis and Detroit show losses of over 40 per cent in the comparison with a year ago. Reports from fifty additional cities of the district for which the month-to-month comparison is available, show a decline of 10.4 per cent in the valuation of permits issued.

MERCHANDISING CONDITIONS

Wholesale Trade—June sales in the majority of wholesale lines reporting to this bank increased over the preceding month, while half the groups showed gains over the corresponding month a year ago. For the first half of 1928, wholesale drug, electrical supply, and shoe firms reported larger sales than for the same period of 1927, and grocery, hardware, and dry goods firms indicated declines

in this comparison. Collections in the majority of lines were larger in June than in the preceding month, and in half the groups were above a year ago. For the most part collections are reported as fair and prices as steady. Improvement is gradually being shown in farming sections where crop prospects are good.

WHOLESALE TRADE DURING THE MONTH OF JUNE, 1928

	Net Sales During Month		Stocks at End of Month		Accounts Outstanding End of Month			Collections During Month	
	PER CENT CHANGE FROM PRECEDING MONTH	PER CENT CHANGE FROM SAME MONTH LAST YEAR	PER CENT CHANGE FROM PRECEDING MONTH	PER CENT CHANGE FROM SAME MONTH LAST YEAR	PER CENT CHANGE FROM PRECEDING MONTH	PER CENT CHANGE FROM SAME MONTH LAST YEAR	RATIO TO NET SALES DURING MONTH	PER CENT CHANGE FROM PRECEDING MONTH	PER CENT CHANGE FROM SAME MONTH LAST YEAR
Groceries.....	(37)+ 1.5	(37)- 5.7	(24)- 7.5	(25)- 5.9	(34)- 1.2	(33)-10.7	(34) 101.8	(28)+ 0.3	(28)- 4.6
Hardware.....	(14)- 4.8	(14)- 4.3	(9)- 7.8	(9)- 8.8	(14)- 2.4	(14)- 0.3	(14) 191.6	(12)+12.6	(12)- 1.4
Dry Goods.....	(13)+ 6.0	(13)- 0.2	(10)+ 8.9	(10)- 0.1	(12)- 1.0	(11)- 1.5	(12) 294.7	(10)+ 0.9	(9)- 1.4
Drugs.....	(12)- 3.3	(12)+ 2.3	(10)+ 3.5	(10)- 1.9	(11)- 1.6	(12)- 3.1	(12) 133.3	(7)- 4.9	(6)+ 4.4
Shoes.....	(8)+ 4.8	(7)+20.2	(6)- 7.6	(4)+40.6	(7)+ 1.7	(5)+16.3	(7) 229.8	(5)+ 1.3	(4)+ 5.3
Electrical Supplies.....	(35)+ 3.5	(35)+17.3	(29)- 3.8	(29)-11.1	(33)+ 5.4	(34)+ 4.5	(35) 125.6	(21)+ 1.5	(24)+13.7

Figures in parentheses indicate number of firms included.

Department Store Trade—Sales by department stores in the Seventh district were seasonally lower in June than in the preceding month, the total for 102 stores declining 4.8 per cent from May. As compared with June last year, sales by Chicago, Detroit, and Milwaukee stores were larger, while those by Indianapolis firms and stores in smaller cities decreased; the aggregate for the district gained 4.1 per cent. Sales for the first six months of 1928 totaled 4.1

per cent more than in the first half of 1927, with Chicago, Detroit, and Milwaukee showing increases, and Indianapolis and smaller cities declines. Stocks averaged 7.3 per cent less at the end of June than a month previous, but exceeded those of June 30 last year by 1.7 per cent. Stock turnover for June was 34.0 per cent, compared with 33.2 per cent a year ago, while turnover for the half year averaged 192.6 per cent against 187.0 per cent for the first

six months of 1927. June collections increased 6.4 per cent over the preceding month and 13.5 per cent over June last year, and accounts receivable the end of the month declined 3.1 per cent from May 31, but gained 5.9 per cent over a year ago. The ratio of June collections to accounts outstanding on May 31 was 41.2 per cent, while the corresponding ratio in 1927 was 39.2 per cent.

Retail Shoe Trade—June sales of twenty-four shoe dealers and the shoe sections of twenty-two department stores totaled 1.7 per cent more than in May, but were 5.3 per cent below a year ago. For the first half of 1928 sales were 7.9 per cent less than in the corresponding period of 1927. Stocks on hand June 30 declined 14.1 per cent from a month previous and 5.7 per cent from a year ago. Collections of sixteen dealers during June increased 5.7 per cent over the preceding month and were 5.8 per cent larger than in June, 1927. Accounts outstanding the end of the month were less by 15.4 and 7.8 per cent in the respective monthly and yearly comparisons; their ratio to sales during the month averaged 62.0 per cent for June, 63.8 in May, and 66.4 per cent a year ago.

Retail Furniture—Sales of furniture in June by twenty-four dealers and twenty-six department stores of this district declined 21.2 per cent from the preceding month, but were 0.7 per cent larger than in June last year. Stocks

diminished 1.3 per cent during the month from the amount held May 31, and gained 2.6 per cent over the corresponding date of 1927. Installment sales, as reported by nineteen dealers, fell off 28.6 per cent in June from the volume sold in May and 7.6 per cent from a year ago. Collections on this type of sales declined 1.8 and increased 17.5 per cent in the respective monthly and yearly comparisons. Total collections were less by 9.7 per cent than a month previous and 12.2 per cent heavier than last June. Accounts receivable decreased 1.9 per cent in the monthly comparison, but were 1.3 per cent larger than on June 30, 1927.

Chain Store Trade—Sales of twenty-four chains, operating 2,319 stores, totaled 4.2 per cent more in June than in May, and 24.2 per cent above a year ago. The number of stores in operation gained 0.9 and 21.5 per cent in the respective comparisons. Average sales per store increased 3.3 per cent in June over May and 2.4 per cent over June last year. By groups, musical instruments, shoes, and men's clothing showed declines in the month-to-month comparison, while grocery, five-and-ten-cent, drug, furniture and women's clothing chains indicated gains; musical instrument and cigar chains reported smaller sales than a year ago.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of Firms	June 1928	May 1928	June 1927	May 1927
Meat Packing—(U. S.)—					
Sales in dollars.....	59	112.5	107.7	104.4	108.0
Casting Foundries—					
Shipments:					
Steel—In dollars.....	15	82.9	86.4	86.8	83.4
In tons.....	15	82.9	87.8	88.7	86.9
Malleable—In dollars.....	18	66.9	72.4	64.7	62.3
In tons.....	16	99.7	101.1	77.8	84.0
Stoves and Furnaces—					
Shipments (in dollars).....	12	93.3	105.5	86.5	92.1
Agricultural Machinery & Equipment—(U. S.)—					
Domestic Sales (in dollars).....	83	221.7	186.2	176.2	153.9
Exports (in dollars).....	56	202.7	188.3	123.0	124.0
Total Sales (in dollars).....	83	218.7	186.6	167.6	149.1
Production.....	82	142.8	145.8	116.7	119.3
Furniture—					
Orders (in dollars).....	27	73.9	101.9	80.2	105.3
Shipments (in dollars).....	27	78.7	85.7	91.5	95.4
Shoes—					
Production (in pairs).....	32	98.0	87.9	116.4	96.9
Shipments (in pairs).....	32	95.0	82.1	105.7	93.5
Electric Energy—					
Output of Plants (KWH).....	8	137.7	139.3	125.5	128.5
Industrial Sales (KWH).....	8	169.9	167.9	149.3	150.0
Flour—					
Production (in bbls.).....	32	91.3	100.2	98.1	88.8
Output of Butter by Creameries—					
Production.....	74	170.7	145.2	174.9	158.6
Sales.....	74	137.1	120.1	140.4	130.3
Automobiles—					
Distribution in Middle West:					
New cars—Wholesale—Number sold.....	36	226.7	191.0	146.6	207.9
Value.....	36	177.4	150.2	131.5	160.0
New cars—Retail—Number sold.....	89	112.3	116.1	98.0	115.1
Value.....	89	134.7	150.3	127.9	138.7
New cars—On hand—Number.....	53	118.4	120.3	107.5	123.6
Value.....	53	114.9	122.0	111.1	132.6
Used cars—Number sold.....	83	182.1	189.3	178.0	173.4
Used cars—On hand—Number.....	51	115.3	127.3	117.4	131.2
Value.....	51	141.8	140.7	124.8	124.1
Production (U. S.): Passenger cars.....		121.1	127.7	94.7	121.4
Trucks.....		112.3	140.0	120.5	130.9
Freight Carloadings—(U. S.)—					
Grain and Grain Products.....		76.5	88.7	90.3	87.7
Live Stock.....		77.5	81.7	82.0	89.1
Coal.....		85.9	92.0	89.9	94.2
Coke.....		82.1	86.7	88.2	91.4
Forest Products.....		94.1	96.0	96.8	100.5
Ore.....		173.7	118.7	171.9	158.2
Merchandise and Miscellaneous.....		111.8	113.6	112.3	112.6
Total.....		105.0	106.0	107.1	108.0
Iron and Steel—					
Pig Iron Production: ²					
Illinois and Indiana.....		122.1	129.3	124.8	131.3
United States.....		104.6	107.9	104.9	111.4
Steel Ingot Production—(U. S.) ³		108.0	116.8	100.9	116.8
Unfilled orders U. S. Steel Corp.....		76.2	71.6	63.9	63.9

Wholesale Trade—

	No. of Firms	June 1928	May 1928	June 1927	May 1927
Net Sales (in dollars):					
Groceries.....	37	101.7	100.0	107.4	100.8
Hardware.....	16	94.0	98.7	98.6	99.0
Dry Goods.....	12	77.9	73.0	78.1	70.8
Drugs.....	10	98.4	104.3	97.7	95.9
Shoes.....	8	99.1	99.4	86.4	82.4

Retail Trade (Dept. Stores)—

	No. of Firms	June 1928	May 1928	June 1927	May 1927
Net Sales (in dollars):					
Chicago.....	31	110.6	111.0	106.1	101.3
Detroit.....	4	143.3	156.9	130.3	127.5
Indianapolis.....	5	94.6	104.5	99.0	100.3
Milwaukee.....	5	108.1	116.8	103.8	113.8
Outside.....	60	95.4	103.9	95.7	97.4
Seventh District.....	105	111.9	117.7	107.5	106.4

Retail Trade—(U. S.)—

	No. of Firms	June 1928	May 1928	June 1927	May 1927
Department Stores.....	565	103	107	101	102
Mail Order Houses.....	4	127	116	107	99
Chain Stores:					
Grocery.....	34	207	213	178	171
Drug.....	13	162	164	136	134
Shoe.....	7	147	130	118	109
Five and Ten Cent.....	14	139	139	123	123
Candy.....	4	121	127	114	115
Apparel.....	5	216	221	172	171
Cigar.....	4	108	110	109	113

Stamp Tax Collections—³

	June 1928	May 1928	June 1927	May 1927
Sales or Transfers of Capital Stock.....		300.7	94.0	88.3
Sales of Produce on Exchange—Futures.....		134.4	99.5	57.3

U. S. Primary Markets—⁴

	June 1928	May 1928	June 1927	May 1927
Grain Receipts:				
Oats.....	34.0	69.5	48.3	57.5
Corn.....	86.0	108.6	122.3	60.1
Wheat.....	44.9	74.2	59.9	55.1
Grain Shipments:				
Oats.....	38.1	74.7	49.8	75.9
Corn.....	88.6	107.8	62.4	45.0
Wheat.....	44.5	81.1	50.4	49.9

Building Construction—

	June 1928	May 1928	June 1927	May 1927
Contracts awarded (in dollars):				
Residential.....	170.2	193.9	192.2	146.9
Total.....	187.8	204.1	205.3	153.4

Permits:

	Number	June 1928	May 1928	June 1927	May 1927
Chicago.....		66.9	79.8	82.5	86.4
Cost.....		93.7	146.1	101.9	101.4
Indianapolis.....		72.3	91.8	107.1	103.2
Cost.....		105.3	137.5	184.9	109.7
Des Moines.....		59.8	66.5	53.6	58.8
Cost.....		113.7	42.8	48.1	34.4
Detroit.....		89.6	100.7	85.1	92.1
Cost.....		84.5	87.4	146.1	94.8
Milwaukee.....		101.7	125.2	111.9	119.9
Cost.....		101.8	116.4	106.0	107.7
Others (45).....		109.9	132.9	122.8	134.7
Cost.....		105.2	128.0	140.5	164.8
Fifty Cities.....		95.3	114.3	105.8	113.5
Cost.....		95.5	126.2	122.9	117.6

1. Monthly average of mean of production and shipments in 1923-24-25=100; 2. Average daily production; 3. First Illinois internal revenue district; 4. Monthly average receipts 1923-24-25=100.

end